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WOQOD

ANNUAL REPORT 2017

POSITIVE TRANSFORMATION

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In the name of Allah
the most gracious, the most merciful

H.H. SHEIKH TAMIM BIN HAMAD AL THANI

THE EMIR OF THE STATE OF QATAR

H.H. SHEIKH HAMAD BIN KHALIFA AL THANI

THE FATHER EMIR

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BOARD OF DIRECTORS

Mr. Ahmad Saif Al-Sulaiti
Chairman of the Board of Directors
Qatar Fuel Company (WOQOD) Q.P.S.C

Mr. Mohammed Nasser Mubarak Al-Hajri
Vice-Chairman

Sheikh Saoud Khalid Bin Hamad Al Thani
Member - Board of Directors

Mr. Mohd Khalid GH. Al-Ghanem
Member - Board of Directors

Mr. Ali Al-Khalaf
Member - Board of Directors

Mr. Abdulrahman Saad Zaid Al-Shathri
Member - Board of Directors

Mr. Mohammed Abdulaziz Saad Rashed Al-Saad
Member - Board of Directors

Mr. Faisal Al-Hammadi
Member - Board of Directors

Mr. Nasser Sultan N Al-Hemaidi
Member - Board of Directors

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OUR PROFILE

INTRODUCTION

Qatar Fuel Company (WOQOD) Q.P.S.C was formed in 2002 by an Emiri Decree with an aim to provide downstream, refined fuel storage, distribution and marketing services in the State of Qatar. WOQOD was incorporated as a Joint Stock Company on 2nd July, 2002. Subsequently, WOQOD came out with its Initial Public Offering in 2003 and became Qatari Public Shareholding Company. WOQOD is listed on Qatar Exchange and its shares are publically traded.

WOQOD distributes fuel products within the State of Qatar. The heart of WOQOD's business is its fuel products. WOQOD ensures fueling any mode of transportation – on water, ground or air. This is achieved by supply of diesel and gasoline for vehicles, marine fuel for sea-going vessels; aviation fuel for airlines.

Qatar's fuel distribution depots are located in Mesaimeer and Ras Laffan. WOQOD has invested in a variety of enabling network through a fleet of dedicated road tankers and its extensive network of Petrol Stations. WOQOD owns vessels for supplying marine fuel on high seas.

WOQOD is a strong brand and is synonymous with quality fuel distribution network aimed at providing its customer with high quality services in a professional manner, following international standards. At WOQOD, we employ the latest technology and benchmark ourselves with the best in the world of downstream business.

Beside distribution of conventional fuel products, WOQOD is fulfilling the energy needs of residential, commercial and industrial users through modern and eco-friendly fuel products i.e. LPG and CNG. LPG is supplied to domestic customer through the state of the art high-tech LPG filling plant using "SHAFAF" cylinders. For industrial and commercial users, WOQOD installs LPG tankers at customer sites.

WOQOD is engaged in the business of supplying bitumen for all needs within the State of Qatar.

WOQOD Lubricants have a complete range of automotive and industrial lubricants developed to suit all types of vehicles and industrial requirements. WOQOD Lubricants are designed to deliver superior performance and protection for extended periods.

WOQOD's gasoline are unleaded, Qatar being the first GCC country to convert to fully unleaded gasoline and its diesel has the low sulfur content in the region.

WOQOD has diversified into retail marketing under the brand "SIDRA". This business aims at providing convenience by offering a wide range of its consumer products and food and beverage services. Lately, WOQOD has partnered with international brands to provide a one-stop shop solution through these multi-purpose fuel stations.

OUR VISION

"To be the leading petroleum products and related services marketing company in the region"

OUR MISSION

- To provide all customers with reliable, professional and innovative solutions through friendly, excellent and convenient services.
- To demonstrate accountability for all our activities.
- To achieve our Vision and Mission, we will train and develop competencies across the organization to enable us to demonstrate that we are the best in what we do in the region.
- Qatarization aimed at transformation from Sponsorship to Leadership.
- To minimize our impact on the environment will be achieved through the introduction of new technologies not yet seen in the region.
- To be the best downstream energy company in the region, in terms of not only the customer and employee satisfaction but also maintaining its shareholder earnings.

OUR BRAND

Our brand is inspired by a strong Qatari heritage – the Sidra tree. The Sidra is quite endemic to Qatar; it is a tough tree, able to thrive in Qatar's desert environment. The Sidra tree is also known for its roots that go deep into the earth.

Just as our brand, WOQOD strives to perform at its best in the most difficult environment and provide the finest results for its stakeholders. Similar to the Sidra tree, WOQOD is well founded and has a very strong presence in a variety of business arena.

OUR BRAND VALUES

- **PROFESSIONAL**
Everything WOQOD does, internally and externally, is by way of using a truly professional approach.
- **SOLID**
WOQOD as a company is built on a solid foundation financially by its shareholders.
- **FRIENDLY**
WOQOD is a friendly company to deal with and always approaches its customers in a friendly manner.
- **INNOVATIVE**
WOQOD leads the market in innovative products, services and processes.
- **ACCOUNTABLE**
WOQOD is truly accountable for all its business activities and their impact.

CHAIRMAN'S MESSAGE

Greetings….

I am pleased to welcome you all to this Annual General Meeting of Qatar Fuel (WOQOD) on behalf of myself and my fellow Board members, and I have the pleasure to present to you the 15th Annual Report of the Board of Director, comprising a brief review of the major performance indicators of company activities, operations and projects along with the financial results for the year 2017, and WOQOD future phased and strategic plan.

As we all know, the year 2017 witnessed an oppressive blockade being launched against Qatar with the purpose of obstructing the extensive development which our State is currently witnessing.

In spite of the blockade, Qatar's economy has proved its invincibility and resilience, and continues to out-perform the targeted growth rates, thanks to the sensible policies of the state under the leadership of His Highness the Emir.

The State achieved good growth rates that was positively and favorably reflected in the State rating (as per international rating agencies), remaining at high level, ensuring continued positive outlook on the part of international institutions.

As for WOQOD, the company has been able to steadily move ahead with the implementation of the portion it shoulders within the overall scope of the sustainable nationwide comprehensive development plan. We took the necessary measures to procure the products we used to receive from some of the blockade countries, from alternative sources. Necessary means of logistic support and alternative foreign contractual arrangements with favorable terms were already in place, enabling smooth continuous flow of these product and materials into the State.

During 2017 the company has pursued its efforts for consolidating its core activities of the distribution and marketing of Gas & Petroleum Products along with associated activities throughout the State.

All performance indicators witnessed significant increases. To achieve this, WOQOD had availed all the requisite means of logistic support and infrastructure projects, as detailed in the Board of Directors Report.

The company has an ambitious plan for increasing it's market stake for distribution and transportation of petroleum products, natural gas, bitumen, ship bunker fuel, and other products.

This would be achieved through the implementation and operation of various projects, and concluding the necessary contracts and agreements relevant to these activities, with the support of quality systems, modern technology systems, as well as the introduction of an industry standard health, safety, security and environmental rectification/ preservation system/measure.

As regards fuel stations, arrangements for adding 30 new fixed and mobile stations were already in place in order to achieve the target of 120 gas station by the year 2020.

With respect to company financial performance for the year ended 31 December 2017, despite the blockade and the new price margins, thanks to the efforts exerted towards the implementation of efficiency and cost optimization plan which yielded very excellent results. WOQOD group net profit (excluding minority rights) amounted to 964 Million Riyals, compared to 883 Million Riyals for the year 2016. Return on a share amounted to 9.7 Riyals compared to 8.9 Riyals for last year.

Considering the above financial results and the need for major capital expenditures that have been planned for 2018 and beyond, the Board of Directors is pleased to recommend a distribution of cash dividends of QR 795,404,611 million, representing 80% of the nominal paid-up capital. This equals a distribution of QR 8 per share.

In conclusion, I would like to take this opportunity to express my profound gratitude, thanks, appreciation to His Highnesses Sheikh Tamim Bin Hamad Al-Thani, the Emir, for his unfailing continuous support, and wise guidance to WOQOD, which has had the greatest impact on the company success and prosperity.

I would also like to thank Qatar Petroleum, Ministry of Municipality & Environment, and all the officials in the public institution for their sincere efforts in supporting the company's projects and providing all possible assistance.

Thanks also to our esteemed shareholders for the trust in us and loyalty to the company, and we hereby renew our commitment to serving shareholders interests and further developing their investments, and assure our commitment to implement and abide by all Governance and legal principles in all WOQOD activities, in conformity with our status as a sole distributor of oil and gas in the country. In acknowledgement of this we hereby submit WOQOD 2017 Governance Report Showing what we have done towards the implementation of the latest Governance Code Duly issued by QFMA and published in the Official Gazette on 15.05.2017.

Last but not least, we would like to express our appreciation to the employees of the company for their dedication, loyalty and cooperation, which is reflected in the outstanding financial results. I hope they will continue to deliver and render efforts for facing all challenges in pursuit of achieving company goals for the benefit of all.

Mr. Ahmad Saif Al-Sulaiti
Chairman of the Board of Directors

CEO'S MESSAGE

Our honored shareholders,

I'm pleased to present to you WOQOD achievements for the year 2017 along with plans and projects for the coming period.

Despite the difficulties and challenges the company has been able to achieve good results. Through persistence, determination and collective effort we were able to stop the income downward trend and reverse the trend pushing the indicator up again. This achievement was aided by the increase of sales in general, enhancement of the efficiency in company operations, and cost reduction pursuant to a multi initiative comprehensive optimization policy which is being currently implemented in a phased manner.

We are hopeful that, this policy will yield fruits in the very near future,.

I would like to summarize these achievements as follows:

First:
Operations

The sales of petroleum products for the year 2017 realised a 6% increase from the year 2016. It is worth noting that the sales of jet fuel alone has witnessed a 10% increase due to Qatar Airways flights increase.

Retail sales of petroleum products increased by 26% from the sales achieved in the year 2016. The increase is attributable to the opening of new fuel stations. WOQOD Stake of the retail market increased from 48% to 58%. We shall exert our utmost efforts to increase our stake to 85% by the beginning of the year 2020.

Bitumen:
Bitumen and bituminous products sales increased by 275% from the sales achieved in the year 2016. This resulted in the increase of WOQOD stake of the local market from 60% to 90%.

To be capable of supplying these quantities, WOQOD doubled the number of the product transport vessels and developed the other means of logistic support, rendering them adequate to meet the requirements of increased distributed quantities.

Ship Bunker Fuel:
The sales of bunker fuel witnessed an increase equivalent to 10 times of the sales achieved in the year 2016. WOQOD commenced the "ship-to-ship" bunkering in June 2017, in collaboration with Qatar Petroleum, from RALF bunkering facility owned by Qatar Petroleum.

LPG:
Sales increased by 27% and cylinder sales increased by 7%. The company is planning to stop the use of steel cylinders, launching promotional offers for SHAFAF cylinders.

Natural Gas:
WOQOD is supplying natural gas to the factories located in the new industrial area, and is also operating a station for Compressed Natural Gas (CNG) Station. CNG sales increased by 22% from the sales achieved in the year 2016.

Second:
Key Achievements & Major Initiatives:

Fuel Stations:

- WOQOD operated fuel service stations amounted to 58 stations in the year 2017, where 6 new stations were added. WOQOD set out an ambitious plan aiming at doubling the number of company operated stations within 3 years to reach 120 stations by the year 2020, where about 30 stations will be completed and operated within the (12) months period, including 10 mobile stations.
- WOQOD continued with the expansion works for a number of existing stations, by introducing new activities or enhancing the efficiency of the fueling system and equipment.

Furthermore WOQOD introduced means of modern technology to the fueling operations, to provide the highest service standards to the customers. As part of such endeavors WOQOD has introduced electronic payment through Point of Sale (POS) using debit and credit cards. WOQOD also expanded by 134% compared to the year 2016, WOQOD automated system providing fueling services to individuals, companies, and government entities, with the highest standards of accuracy and reliability.

The system is capable of providing a comprehensive and final solution to the hazards posed by conventional fueling.

Third:
Marketing Activities

The sales of SIDRA convenience store and other non-petroleum activities increased by 11%. New oils and lubricants brands were introduced as per the requirements and recommendations of the vehicle manufacturers. These included, Castrol, Shell and Total oils. Car dry clean services has also been introduced in some stations.

Fourth:
Subsidiary Companies

WOQOD Vehicles/Inspection (FAHES):
The income of company subsidiary FAHES amounted to 77.9 Million Riyals with 5.8% increase above the income realized in the year 2016.

Technical inspection centers amounted to 9 centers by the end of the year 2017. As of now, the centers amounted to 10 centers including 3 mobile centers. As to future centers, tender has been issued for Al-Mazrouaa Center, and a study for building a new center at Madinat Mowater is currently under review.

WOQOD Marine:
The performance of the company witnessed a significant improvement where the company income increased to 80 Million Riyals earned from chartering company owned vessels. The rate of vessel operation increased by 14% reaching 92% in the year 2017 compared to 78% in the year 2016.

Qatar Jet Fuel (QJET)
Company subsidiary QJET realized a net income (inclusive of minority rights), of 329.9 Million Riyals in the year 2017, compared to 229.8 million in the year 2016, with the increase of 43%. Increase of sales, cost optimization policy and the reduction of export allowance have the greatest impact on the income increase.

And last but not the least, I would like to convey my profound thanks and appreciation to Mr. Ahmad Saif Al Sulaiti, Chairman of the Board of Directors and the respected Board Members for their prudent guidance and continuous support to the company.

Our thanks are also due to all government official, public and private institutions and to our honored shareholders, and to WOQOD employees, for their significant efforts in serving and developing the company.

We vow to exert more efforts and deliver our best to achieve company future objectives.

Thank You.

Saad Rashid Al-Muhannadi
Chief Executive Officer

BOARD OF DIRECTORS' REPORT, 2017

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QHSSE ACHIEVEMENTS

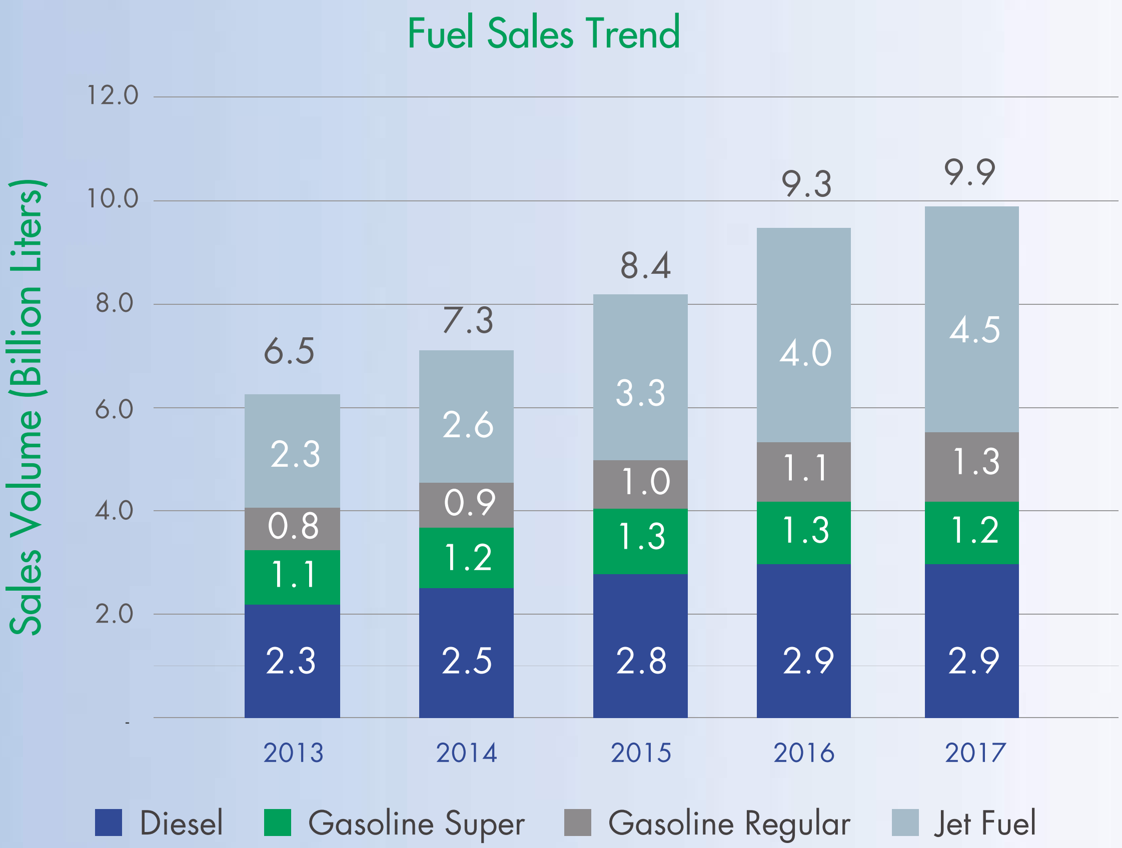
At WOQOD, Quality, Health, Safety, Security and Environment (QHSSE) comes first. “Sustainable Development” is what mandates every effort in WOQOD. The aspect of integrating sustainability into the daily activities at WOQOD is quite clearly demonstrated by its QHSSE achievements during the year and the future plans in this direction.

- WOQOD & Subsidiaries have successfully implemented Integrated Management System (IMS) and certified for OHSAS 18001:2007 and recertification to the latest standard versions (2015) for ISO 9001 & ISO 14001.
- Conducted a large scale Major Emergency Drill for Doha Depot with National Emergency Committee at National Command Centre with representatives from Civil Defense, Traffic Department, Lekhiwya (ISF), Armed Forces, Qatar Petroleum, Kahramaa, Hamad Medical Corporation, Red Crescent and Al Fazaa Police.
- Strengthened Safety Culture by increasing management visibility on site to promote safety awareness via setting specific HSE objectives for each business units.
- Dramatically increased HSE engagement with employees and contractors. Increased Tool Box Talks by 1000%, Observation Reporting by 800%, HSE Trainings by 27%.
- Reduced Lost Time Injury Frequency (LTIF) and Total Recordable Case Frequency (TRCF) by 15% and 11%, respectively, in all locations. Impressive improvement record of 60% reduction for Retail Operations.
- Established Leak Detection & Repair (LDAR) Program in Doha Depot, Ras Laffan Depot and LPG Bottling Plant. Fugitive emissions are monitored and repaired as per USA EPA thresholds.
- Reduction of Green House Gas (GHG) emissions by working closely with QP on expanding Natural Gas Filling Stations to provide Time Fill Dispensers for Trucks and Fast Fill Dispensers. GHG emission is a major sustainability metric.
- Implemented Consolidated Waste Management requirements across all business units.
- Extended WOQOD heat stress program to all Petrol Stations; a pioneering initiative in the country.
- Established Medical Examination, Surveillance and Biological Monitoring Program.
- Developed WOQOD Road Safety Strategy and established a Forum mandated to address road safety, engage all stakeholders and benchmark best industry practices.
- Established 11 Life Saving Rules with mandatory compliance for staff and contractors.
- Established Process Safety Management for Major Accident Hazards (MAH.) Process Safety Reporting Tier 1 & 2 incidents was aligned with QP Industrial City requirements. HSE Critical Elements Performance Standards were embedded into Asset Integrity Maintenance Schedules.
- MOI-SSD Compliance and Approval for Total of 14 Petrol Stations (Umm Ghuwailina, Abu Nakhla, Mashaf, Muntazah, Wakra South, Semaisma, Old Rayyan, Mazshabiya, New Musheireb, New Rayyan, Old Ghanim, Thakira, Ferej Bin Dirhem and Soudanatheel).
- Sustainability Report 2017 is undergoing Third Party Assurance, thus demonstrating leadership commitment to sustainability goals and transparency.

OPERATIONS UPDATE

FUEL SALES

Fuel sales increased by 6% in 2017 as compared to 2016. The main growth is from Premium Gasoline and Jet Fuel where the increase in sales recorded 10% each. Following is the quick update of sales trend of Fuel products for the last 5 years.



The Combined Annual Growth Rate (CAGR) of fuel products over the last 5 years is 11%.

PETROL STATIONS

As of end of 2017, WOQOD owns and operates 58 petrol stations. 4 new fixed stations and 2 mobile stations were opened during 2017.

During the year 2017, WOQOD opened 6 new petrol stations including 2 mobile terminals in different parts of the country. These petrol stations ensure widening the geographical reach of the distribution network with an aim to provide the best of the fuel distribution convenience to the citizens and residents of the State of Qatar.

NEW PETROL STATIONS OPERATING IN 2017

During the year 2017, WOQOD was able to open and operate 6 new stations, including mobile terminals in different parts of the country. These were:

Al Mashaf

The first station opened by WOQOD in January 2017, and characterized by its high-speed pumps to fill diesel tankers. The station has an area of about 10,000 square meters, and has six dispensers to provide fuel to vehicles, in addition to a Sidra convenience store. It also offers car repair, car wash services and gas cylinders.

Abu Nakhla

The second station opened by WOQOD in February 2017, it sits on area of about 7,800 square meters. The petrol station has six dispensers to provide fuel to vehicles, and 2 high speed dispensers for diesel. The station has a car wash, lube change, tyre/repair services, in addition to Sidra convenience store.

Um-Ghwailina

This is the third station opened by WOQOD in April 2017 on an area of 8,452 square meters. It includes six dispensers for fuel, a Sidra convenience store and provides car wash, lube change & tyre/repair services.

Al Khor (Al Egda)

Fourth station opened by WOQOD in June 2017 on an area of 17,000 square meters. It includes Kenar shops, a Sidra convenience store and auto care services like car wash, lube change & tyre/repair services.

Mobile Petrol Stations

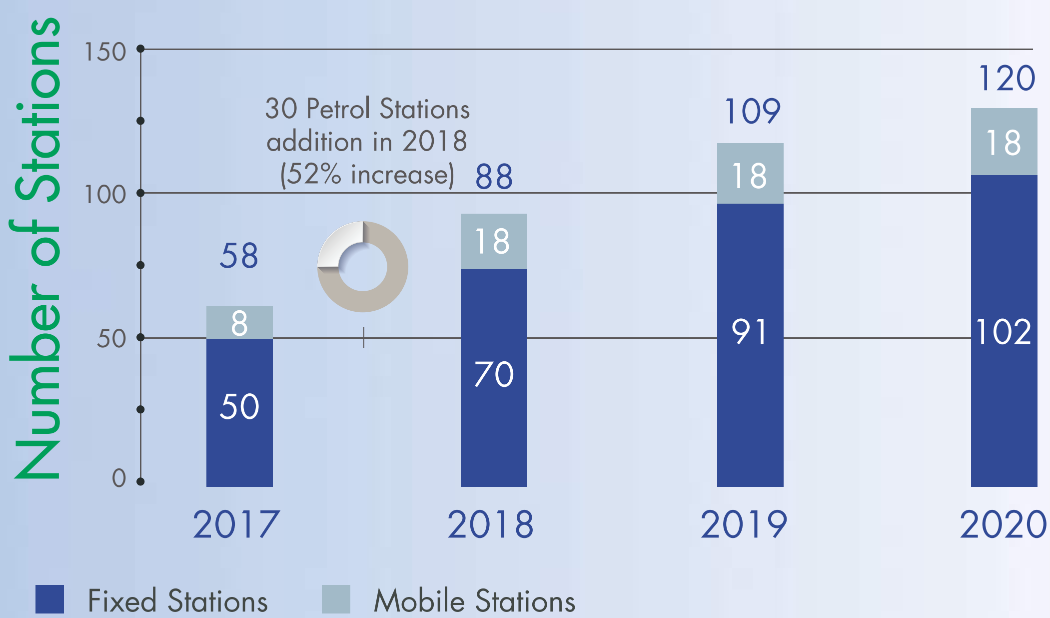
The Mobile station experience has proven to be very successful in providing essential petroleum products to areas that suffer from a shortage of these products, either because of non-availability of stations or due to the closure of some private stations which had previously supplied these areas. The advantage of these stations is that they are a quick and easy facility that offers all types of fuel needed by customers in those areas. WOQOD opened 2 mobile stations during 2017

1. Jelaiha Mobile Petrol Station - opened in Mar 2017
2. Al Gharafa Mobile Petrol Station - opened in May 2017

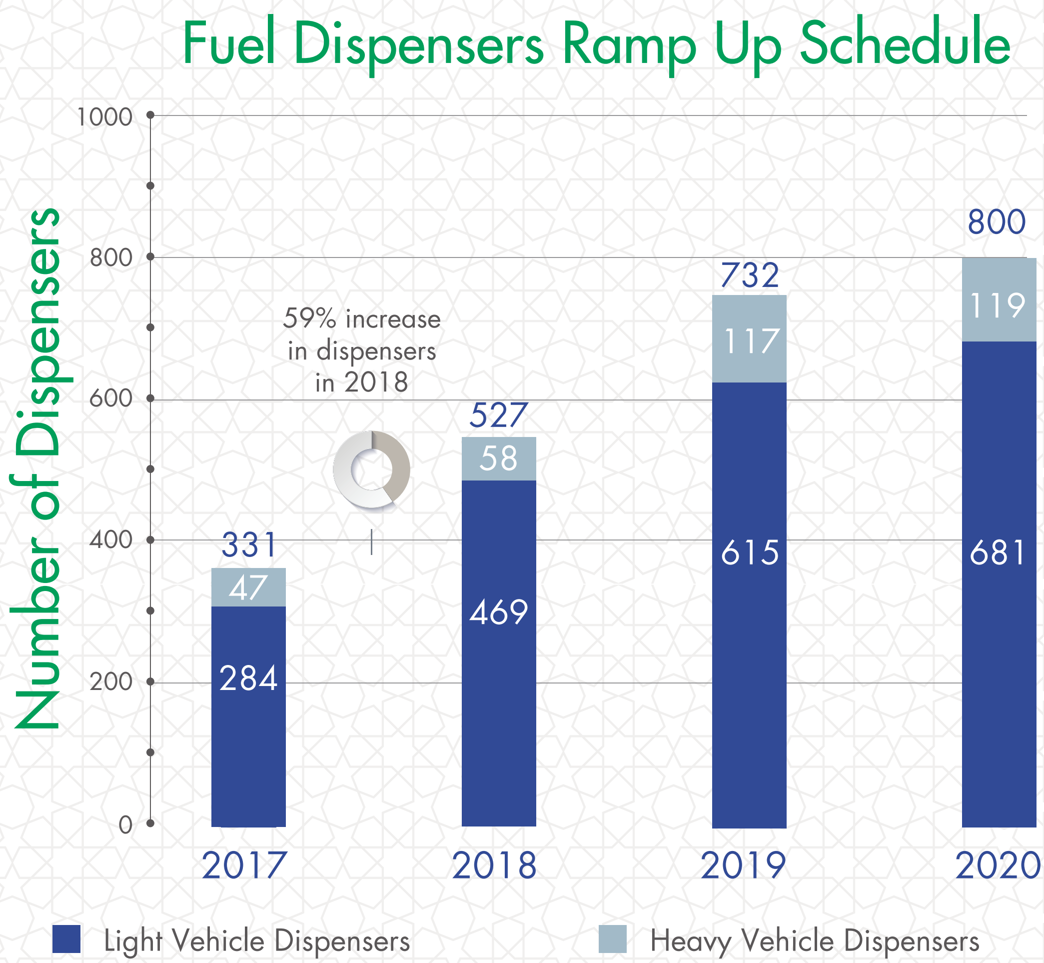
STATIONS UNDER CONSTRUCTION OR AWAITING PERMITS:

WOQOD has aggressive plans to double the Petrol Stations in 3 years from current 58 to 120 stations to avoid traffic congestions and provide better customer satisfaction. In 2018, WOQOD plans to increase this number to 88 which is a 52% increase compared to 2017.

Petrol Station Ramp Up Schedule



WOQOD is in the process of increasing the number of dispensers in new stations to provide better customer service. Total number of dispensers is expected to increase by 59% in 2018 due to addition of new 30 petrol stations. Simultaneously, WOQOD plans to increase the number of dispensers at existing petrol stations which will help increase the capacity equivalent to 4 petrol stations.



- 18 Petrol Station Projects are under construction stage, of which 2 Projects have been completed since 2016 and awaiting road access.
- 9 Petrol Stations projects are under tender stage, and 12 Projects in Design Stage.
- An addition of 30 petrol stations is planned in 2018 (including 10 mobile stations) in various parts of the country.
- The offtake of Diesel from Ras Laffan Depot has increased by 96% during 2017 as compared with previous year 2016 due to increased production in Ras Laffan from commissioning of LR-2 Refinery.
- WOQOD's retail market share is currently ~60%; expected to increase to ~85%+ by 2020 with addition of new stations.
- During 2017, modifications plan as per Petrol Station Evaluation Committee (PSEC) requirement has been completed for four stations.

POS Implementation

WOQOD has introduced the POS service at all WOQOD stations to improve the customer satisfaction and to provide better experience. Customers can now use cards in all WOQOD stations for fuel and non-fuel transactions.

NON FUEL – ACHIEVEMENTS – 2017

MARKETING ACTIVITIES

Retail Activities:

These include Sidra convenience stores, services such as car wash, oil change, tyres and repairs.

SIDRA STORES

1. Sidra Convenience stores revenues reflected a growth of 11% and Auto-care saw an overall growth of 11% as compared to 2016. Moreover, vehicle repairs occupied first place in annual sales growth of 13%.
2. During the year 2017, many new initiatives have been started at the Convenient stores. Key highlights are as follows
    - Start of Starbucks (QSR) Launched at Markhiya PS
    - Starbucks (Kiosk) started in 7 Locations
    - Coffee Shop Company started at Gharafa PS
    - Costa Coffee started at Old Ghanim Petrol Station
3. New initiatives are in the planning stage for 2018 to add more brands.
4. WOQOD has plans to open Sidra stores at Qatar Rail stations: application submitted for Sidra standalone at metro stations such as Al Qassar, Al Corniche and Msherieb.

APC Highlights:

Introduced new lubricant range: The new lubricant range introduced to provide customers with choice and best to meet Original Equipment Manufacturer (OEM) requirements of vehicle manufacturers.

1. Castrol
2. Shell
3. Total

Waterless car wash Solution:

Introduced "Environment Friendly" car wash solution at Non-APC sites:

1. Bin Dirham
2. Markhiya
3. Muaither
4. Musherieb

Other APC initiatives

Revised Working hours in selected APC to optimize the utilization of staff.
Staff Optimization – plans implemented In Forecourt and Sidra .

WOQODe Tag Sales Update:

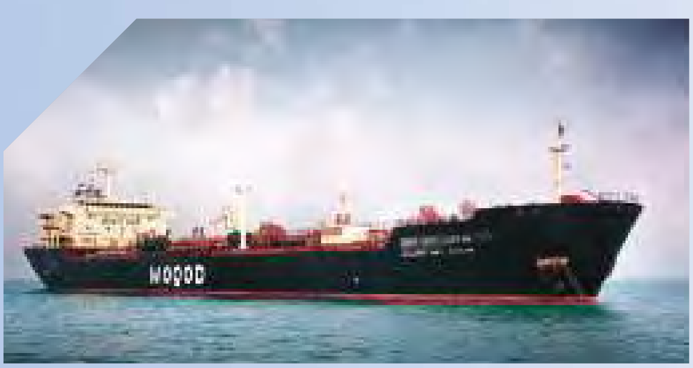
- Total Tags Sold up to end of 2017 – 83,235 (134% increase in sales from 2016).
- Contract signed with major government customers to optimize Tag sales.
- Opened new sales channel for prepaid sales at 15 WOQOD Petrol Stations.
- Planning to develop a full-fledged prepaid solution to encompass all offers under one solution.

Bitumen Supply

During 2017, 294,000 MT of Bitumen and Bituminous products were delivered to the market. As a comparison, this was -

- An increase of 275% compared to 2016.
- An increase of over 50% in the number of bitumen customers compared to 2016.
- Helped overcome the immediate effect of the economic blockade.

To achieve the above, WOQOD allocated 2 additional ships taking the total to 4. The first bitumen cargo arrived in June after signing a temporary supply contract and since then till the end of the year 2017, WOQOD is meeting over 90% of the market demand.



MARINE FUEL / BUNKERING

During 2017, WOQOD also achieved 318,000 MT of HFO delivery to the market, which shows considerable increase from 2016 (10 times). Helped to overcome the economic challenges by commencing full bunker supply in coordination with QP. In addition to this, ship to ship bunkering started by end of June.

Customer Service Achievements during 2017

- Successfully achieved 83% first call resolution (FCR) rate surpassing the WOQOD target as well as the industry standard which stands at 74%.
- Exceptional performance in terms of complaint closure timeframe. Managed to close the complaints within 6 days of raising of complaint. This is 24 days less than the set target.
- Successfully floated the tender for outsourcing of the call center, currently evaluating the proposals submitted by potential bidders.

LPG SALES UPDATE

Achieved 23% Growth in LPG bulk sales, whereas total numbers of Cylinders (Shafaf and Steel) sales increased by 7% in 2017 as compared to 2016. The plan is to phase out the Steel Cylinders by providing attractive offers to customers to use safe and reliable Shafaf cylinders.

NATURAL GAS – CNG RETAILING AND INDUSTRIAL SUPPLY

WOQOD is supplying Natural Gas to industries located in the New Industrial Area. WOQOD also operates a CNG station which fuels CNG for Mowasalat Buses. CNG sales showed an increase of 22% in 2017 as compared to 2016.

WOQOD is in discussions with Qatar Petroleum to add more CNG stations at various parts of the country in preparation for the 2022 World Cup event. This is in the stages of preliminary discussion.

VEHICLE TECHNICAL INSPECTION (FAHES)

FAHES continued to improve its financial and operational performance with an increase in revenues and numbers of vehicles inspected. Revenues increased by 5.8% to QAR 77.9 million, whereas number of inspected vehicles increased by 4% to 1.07 million in 2017. The company's profits increased to QAR 32.9 million. Quick Service, provided for vehicles that did not pass technical inspection, showed impressive results with a 150% increase in revenues.

Key Achievements

- Opened new vehicle inspection centers at Al Wukair and Al Egda increasing our inspection center numbers to 7.
- Added a mobile inspection unit to increase the number of mobile units to 3.
- Bank card payments facilities was introduced at all centers.
- Extended working hours at popular centers increasing convenience to customers.
- New website was launched with 'Online Report' allowing customer to review their vehicle inspection report.
- Introduced 'SMS text message reports' providing a link to a printable online inspection report.
- Fahes will commence the project for the Al Mazrooah which will have 12 inspection lanes. The company has planned to open another mobile inspection unit in 2018.

WOQOD MARINE – VESSEL FLEET

The company's performance has improved significantly in 2017. Revenues increased to QAR 80 million in 2017, driven by increased level of vessel chartering to WOQOD for Bitumen and HFO Bunkering operations. The company is currently operating 8 owned vessels and one leased to meet the business demand. Vessels' occupancy rate increased by 14% in the year (2017: 92%, 2016: 78%).

During the year, the company started implementing industry standards for chartering to WOQOD based on Transfer Pricing at arm's length basis, and amortizing dry docking expenses over useful period. In addition, cost optimization initiatives resulted in decrease in G&A expenses by QAR 14 million as compared to 2016.

ACHIEVING EXCELLENCE IN SOCIAL OBLIGATION
(CORPORATE SOCIAL RESPONSIBILITY)

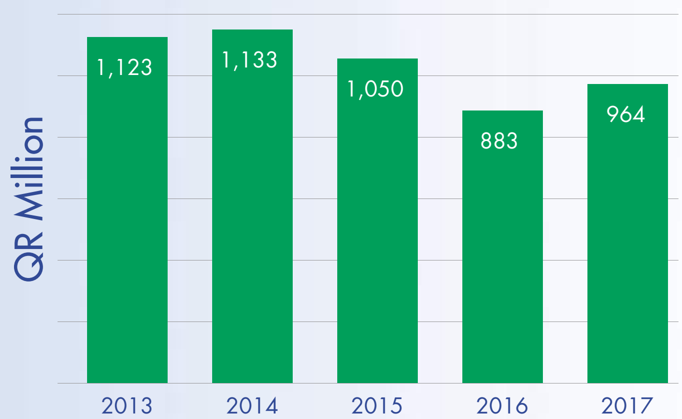
WOQOD feels itself socially responsible to its stakeholders. In order to discharge it Corporate Social Responsibility, WOQOD contributed to various social activities during the year. Some of these are -

- WOQOD was the Silver Sponsor for the 25th anniversary of the founding of Al Shaqab Equestrian Club and sponsored the Al Shaqab International Equestrian championship 2017.
- WOQOD was the sponsor for the Qatar National Day celebrations coordinated by the State National Day Celebrations Organizing Committee.
- As part of the CSR plan provided a 3-year financial support for the various initiatives of Qatar Cancer Society.
- WOQOD organized blood donation campaign at its headquarters.
- Supported the Qatar Foundation Education City Summer Camp held as part of the career development initiative for the young graduates.
- Provided financial support to Qatar Society for Rehabilitation of Special Needs. The society extends support to needy and help rebuild the society.

FINANCIAL UPDATES

Revenue

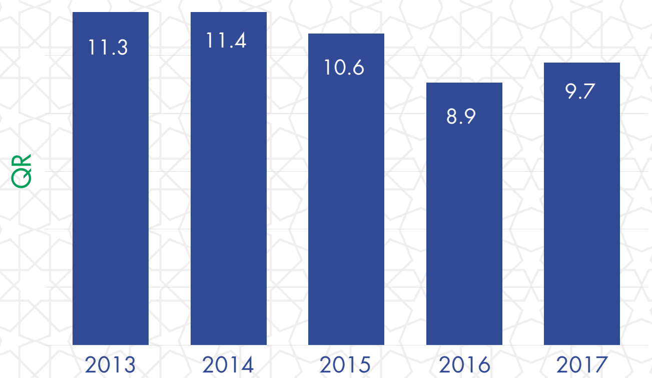
Net Profit



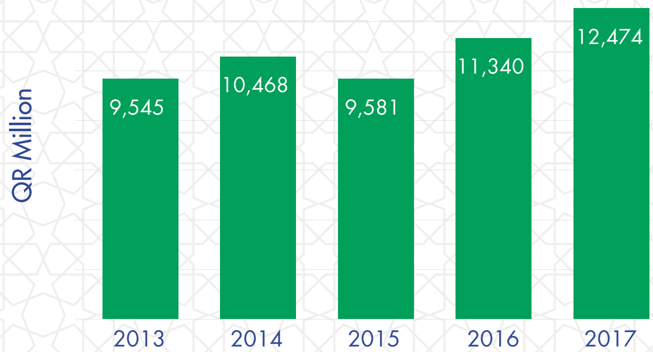
REVENUE: There was a 25% increase in revenue and 30% in other incomes while a savings of 22% in General & Administrative expenses.

Net Profit: The Net Profit attributable to WOQOD shareholders is QAR 964 Million for 2017 compared to QAR 883 Million for 2016. This is a 9% increase over 2016. Higher sales volumes, increased offtake from Ras Laffan Depot, cost optimization initiatives, efficiency improvements and non-fuel business supported this better performance.

Earning per Share - Diluted



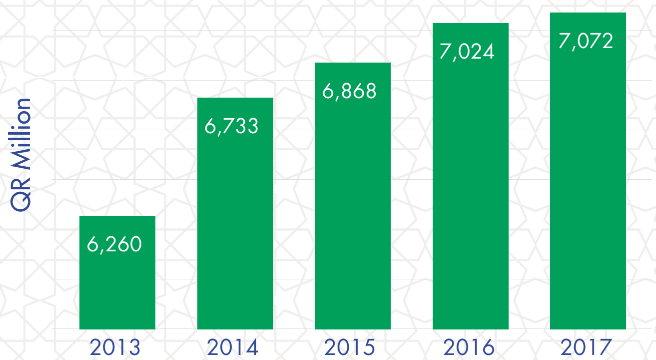
Total Assets



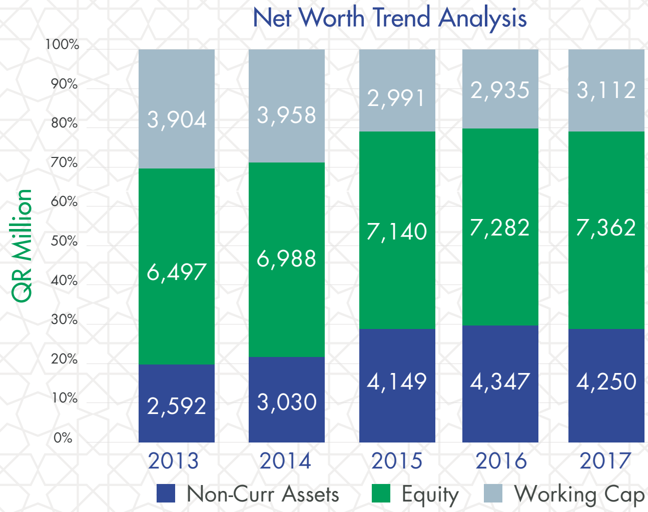
Earnings Per Share (EPS): The Earnings Per Share (diluted) has increased by 9% in 2017. During 2017 EPS was QAR 9.7/share as against QAR 8.9/share for 2016.

Total Assets: Total Assets of WOQOD increased by 10% as compared to 2016.

Shareholders' Equity



Net Worth Trend Analysis

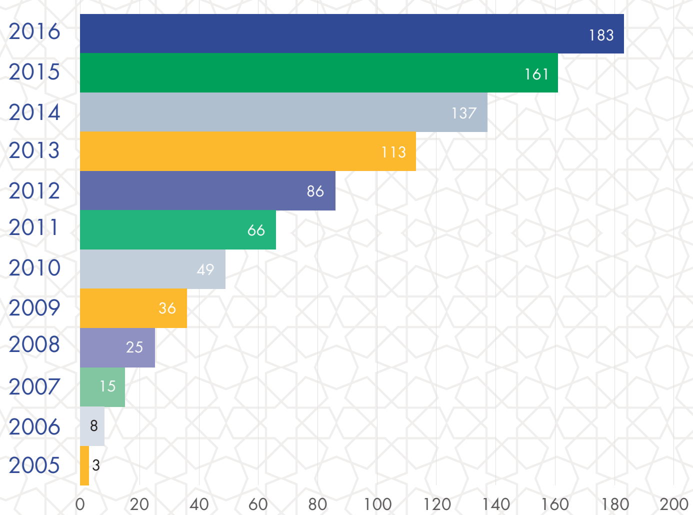


Shareholders' Equity: Shareholders' Equity increased by 1% in 2017 as compared to 2016. The retained earnings of the company represent 5.7 times the Share Capital at the end of 2017.

Net Worth: The Balance sheet of WOQOD is analyzed in the chart above. Accordingly, the net Non-Current Assets have increase by QAR 1.65 Billion showing a CAGR of 16% over the last 5 years.

As against this, over the same period, the net Working Capital has decreased by QAR 792 million and the Equity has increased by QAR 865 million.

Cummulative Dividend Distribution



Cumulative Dividend Distribution: The excellent results year-on-year has resulted in the cash returns (dividends) to the Shareholders totaling to QAR 183 up to 2016 for each QR 10 invested in WOQOD in 2003. In addition, WOQOD also distributed Bonus shares with total of QAR 694 million.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QATAR FUEL COMPANY (WOQOD) Q.P.S.C.

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatar Fuel Company (WOQOD) Q.P.S.C. (the "Company") and its subsidiaries (the "Group") , which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in State of Qatar and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to note 27 of the financial statements, which describes the fact that the Company has an outstanding exposure against one of the suppliers. Management is of the view that there is no additional liability on the Group against this exposure.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR FUEL COMPANY (WOQOD) Q.P.S.C.

Independent auditors' report – Qatar Fuel Company (WOQOD) Q.P.S.C. (Continued)

See note 2,3 and 11 to the consolidated financial statements

Impairment allowance for trade receivables	How the matter was addressed in our audit
We focused on this area because: • The Group has receivables of QR 2,295,551,263 (2016: QR 2,328,107,287) representing 18.4 % of the Group's total assets as at 31 December 2017. • Impairment allowance is based on the Group's judgment in estimating when an impairment event has occurred and the present value of expected future cash flows being lower than carrying value, which are inherently uncertain.	Our audit procedures in this area included, among other things: • Testing key controls over the process of customers on boarding, setting the credit limit and guarantees; and collection of receipts; • Testing the ageing of receivables on a sample basis; • Challenging the Group's assumptions on the cash flow projections considering available market information; • Evaluating the reasonableness of the impairment allowance for old and doubtful receivables; • We assessed the adequacy of the Group's disclosure in relation to the impairment provisions by reference to the requirements of the relevant accounting standards.

See note 2,3,5 and 6 to the consolidated financial statements

Depreciation of property, plant, equipment and investment properties	How the matter was addressed in our audit
• We focused on this area because items of PPE and investment properties on the consolidated statement of financial position represent 21 % of the Group's total assets. • Due to the judgement involved in estimating useful life and the materiality of the carrying value of property, plant, equipment and investment properties, we determine the depreciation of property, plant, equipment and investment properties to be key audit matter.	Our audit procedures in this area included, among others: • evaluating the key controls in property, plant and equipment process and investment properties over the base data and estimation of useful life and residual values; • evaluating the recognition criteria applied to the costs incurred and capitalised during the financial year against the requirements of the relevant accounting standards; • assessing the depreciation methodology used and the appropriateness of the key assumptions based on our industry knowledge recalculating the depreciation charges and comparing it with the depreciation charges reported in the consolidated financial statements; • We assessed the adequacy of the Group's disclosure in relation to the depreciation on property plant equipment and investment properties by reference to the requirements of the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR FUEL COMPANY (WOQOD) Q.P.S.C.

Independent auditors' report – Qatar Fuel Company (WOQOD) Q.P.S.C. (Continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR FUEL COMPANY (WOQOD) Q.P.S.C.

Independent auditors' report – Qatar Fuel Company (WOQOD) Q.P.S.C. (Continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the annual report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Articles of Association and the amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2017.

28 February 2018
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289
Licensed by QFMA : External Auditor's
License No. 120153

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Consolidated Statement of Financial Position
As at 31 December 2017
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

		2017	2016
ASSETS	*Note*		
Non-current assets			
Property, plant and equipment	*5*	1,707,437	1,745,403
Investment properties	*6*	909,121	937,519
Available for sale financial assets	*7*	1,630,919	1,667,536
Goodwill	*8*	132,935	132,935
Total non-current assets		4,380,412	4,483,393
Current assets			
Inventories	*9*	414,316	280,495
Due from related parties	*10(b)*	529,102	484,262
Trade receivables	*11*	2,295,551	2,328,107
Prepayments and other receivables	*12*	490,982	595,385
Cash and bank balances	*13*	4,363,470	3,168,035
Total current assets		8,093,421	6,856,284
TOTAL ASSETS		**12,473,833**	11,339,677
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*14*	994,256	912,161
Legal reserve	*15*	497,128	486,159
Fair value reserve	*16*	(128,075)	125,569
Retained earnings		5,708,491	5,500,053
Equity attributable to equity holders of the parent		7,071,800	7,023,942
Non – controlling interests		290,060	258,495
TOTAL EQUITY		7,361,860	7,282,437
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	*17*	130,532	136,412
Total non-current liabilities		130,532	136,412
Current liabilities			
Trade and other payables	*18*	1,202,701	497,789
Due to related parties	*10(c)*	3,778,740	3,423,039
Total current liabilities		4,981,441	3,920,828
TOTAL LIABILITIES		5,111,973	4,057,240
TOTAL EQUITY AND LIABILITIES		**12,473,833**	11,339,677

These Consolidated Financial Statements were approved by the Board of Directors and signed on its behalf by the following on 28 February 2018:

Ahmad Saif Al-Sulaiti
Chairman

Saad Rashid Al-Muhannadi
Chief Executive Officer

The notes on pages 10 to 27 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Consolidated Statement of Profit or Loss
For the year ended 31 December 2017
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2017	2016
Revenues	19	17,218,531	13,724,232
Cost of sales	20	(16,139,846)	(12,569,776)
Gross profit		**1,078,685**	1,154,456
Other income	21	395,943	306,013
General and administrative expenses	22	(378,556)	(485,445)
Net profit for the year		**1,096,072**	975,024
Attributable to:			
Owners of the company		964,117	883,110
Non-controlling interest		131,955	91,914
Net profit for the year		**1,096,072**	975,024
Basic earnings per share	23	**9.70**	8.88
(expressed in QR per share)			

The notes on pages 10 to 27 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2017	2016
Net profit for the year	**1,096,072**	975,024
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Net change in fair value of available for sale financial assets	(262,120)	(17,700)
Other comprehensive loss for the year	(262,120)	(17,700)
Total comprehensive income for the year	**833,952**	957,324
Attributable to:		
Owners of the company	710,473	870,117
Non-controlling interest	123,479	87,207
	833,952	957,324

The notes on pages 10 to 27 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Consolidated Statement of Changes in Equity
For the year ended 31 December 2017
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Attributable to the Owners of the company						
	Share Capital	Legal Reserve	Fair value Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 1 January 2016 (Restated)	844,594	458,329	138,562	5,426,985	6,868,470	271,288	7,139,758
Total comprehensive income for the year:							
Net profit for the year	-	-	-	883,110	883,110	91,914	975,024
Other comprehensive loss for the year	-	-	(12,993)	-	(12,993)	(4,707)	(17,700)
Total comprehensive income for the year	-	-	(12,993)	883,110	870,117	87,207	957,324
Transfer to legal reserve (Note 15)	-	27,830	-	(27,830)	-	-	-
Bonus shares issued	67,567	-	-	(67,567)	-	-	-
Cash dividends paid for 2015 (Note 23)	-	-	-	(692,567)	(692,567)	-	(692,567)
Contribution to social and sports fund	-	-	-	(22,078)	(22,078)	-	(22,078)
Dividends paid to non-controlling interest	-	-	-	-	-	(100,000)	(100,000)
Balance at 31 December 2016	912,161	486,159	125,569	5,500,053	7,023,942	258,495	7,282,437
Balance at 1 January 2017	912,161	486,159	125,569	5,500,053	7,023,942	258,495	7,282,437
Total comprehensive income for the year:							
Net profit for the year	-	-	-	964,117	964,117	131,955	1,096,072
Other comprehensive loss for the year	-	-	(253,644)	-	(253,644)	(8,476)	(262,120)
Total comprehensive income for the year	-	-	(253,644)	964,117	710,473	123,479	833,952
Transfer to legal reserve (Note 15)	-	10,969	-	(10,969)	-	-	-
Bonus shares issued	82,095	-	-	(82,095)	-	-	-
Cash dividends paid for 2016 (Note 23)	-	-	-	(638,513)	(638,513)	-	(638,513)
Contribution to social and sports fund	-	-	-	(24,102)	(24,102)	-	(24,102)
Dividends paid to non-controlling interest	-	-	-	-	-	(91,914)	(91,914)
Balance at 31 December 2017	**994,256**	**497,128**	**(128,075)**	**5,708,491**	**7,071,800**	**290,060**	**7,361,860**

The notes on pages 10 to 27 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Consolidated Statement of Cash Flows
For the year ended 31 December 2017
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		1,096,072	975,024
Adjustments for:			
Depreciation on property, plant and equipment	5	197,774	222,534
Depreciation on investment properties	6	36,172	30,356
Impairment of property, plant and equipment		-	14,391
Impairment of available for sale investments	7	77,291	20,448
Impairment for bad and doubtful debts	11(b)	35,818	81,562
Impairment for slow moving inventories	9	1,346	64,188
Provision for employees' end of service benefits	17	82,129	51,428
Loss on sale of property, plant and equipment		17,387	12,675
Gain on sale of available for sale investments		(7,799)	-
Dividend income	21	(63,079)	(72,561)
Interest income	21	(103,800)	(57,580)
		1,369,311	1,342,465
Changes in:			
inventories		(135,167)	26,105
due from related parties		(44,840)	(123,560)
trade receivable and prepayments		101,142	(753,846)
trade and other payables		702,888	35,331
due to related parties		355,700	1,544,043
Cash generated from operating activities		**2,349,034**	2,070,538
Employees' end of service benefits paid	17	(88,009)	(47,873)
Interest received	21	103,800	57,580
Payment of contribution to sports fund		(22,078)	(31,328)
Net cash from operating activities		**2,342,747**	2,048,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,314	3,634
Proceeds from sale of available for sale investments		152,412	482,579
Additions to property, plant and equipment		(180,509)	(506,373)
Additions to investment properties	6	(7,774)	-
Dividends received	21	63,079	72,561
Purchase of available for sale investments	7	(447,407)	(541,003)
Net movement in the fixed deposit accounts		(769,992)	(421,000)
Net cash used in investing activities		**(1,186,877)**	(909,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	24	(638,513)	(692,567)
Dividends paid to non-controlling interest		(91,914)	(100,000)
Net cash used in financing activities		**(730,427)**	(792,567)
Net increase in cash and cash equivalents		425,443	346,748
Cash and cash equivalents at 1 January		2,747,035	2,400,287
Cash and cash equivalents at 31 December	13	**3,172,478**	2,747,035

The notes on pages 10 to 27 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

1. REPORTING ENTITY

Qatar Fuel Company Q.P.S.C. (WOQOD) (the "Company" or the "Parent") is a Qatari Public Shareholding Company formed in accordance with the Emiri Decree No. 5 of 2002 on 10 February 2002 with commercial registration No. 24872. The principal activities of the Parent along with its subsidiaries ("the Group") are the sale, marketing and distribution of oil, gas and refined petroleum products, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas and real estate services. WOQOD International, a subsidiary of the Group, is established to undertake foreign investments for the parent company. However, the Group mainly operates in the State of Qatar.
These Consolidated Financial Statements include the financial information of the controlled subsidiaries listed below:

Name of subsidiary	Country	Effective Group Shareholding %	
		2017	2016
WOQOD Vehicle Inspection Co. ("FAHES") W.L.L.	Qatar	100%	100%
Qatar Jet Fuel Company W.L.L.	Qatar	60%	60%
WOQOD Marine Services Co. W.L.L.	Qatar	100%	100%
WOQOD International Co. W.L.L.	Qatar	100%	100%
WOQOD Kingdom Co. W.L.L.	KSA	100%	100%
Ard Al Khaleej Real Estate W.L.L.	Qatar	100%	100%
Sidra Al Ghariya Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Zubarah Shipping Co.	Republic of Liberia	100%	100%
Sidra Raslaffan Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Wakra Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Co.	Republic of Liberia	100%	100%
Sidra Messaied Shipping Co.	Republic of Liberia	100%	100%
Sidra Qatar Shipping Co.	Republic of Liberia	100%	-

The Consolidated Financial Statements of WOQOD for the year ended 31 December 2017 were authorised for issuance in accordance with a resolution of the Board of Directors on 28 February 2018.

2. BASIS OF PREPARATION

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

These Consolidated Financial Statements have been prepared under the historical cost convention except for available for sale financial assets which have been measured at fair value.

c) Functional and presentation currency

These Consolidated Financial Statements are presented in Qatari Riyals, which is the Group's functional currency. All financial information is presented in Qatari Riyals rounded to the nearest thousands of Qatari Riyal except where specifically stated.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

d) Use of judgements and estimates

In preparing these Consolidated Financial Statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about significant areas that involve a higher degree of judgment or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the amounts recognized in the Consolidated Financial Statements are as follows:

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable and it has positive net assets, working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements continue to be prepared on a going concern basis.

Depreciation of property, plant and equipment

Items of property, plant and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, technological or commercial obsolescence and impacts the annual depreciation charge recognized in the financial statements. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

Classification of property into investment property

Judgement is needed to determine whether a property qualifies as investment property. Based on an assessment made by management, some properties of the Group comprising land and buildings were classified into investment property on the grounds that they are not occupied substantially for use by or in the operations of the Group nor are for sale in the ordinary course of business, but are held primarily to earn rental income.

Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3. These calculations require the use of significant estimates and assumptions about the future as disclosed in Note 8, which could impact the goodwill revaluation and the conclusion that no goodwill impairment is required.

Impairment of non-financial assets (other than inventories)

The carrying amounts of the Group's non-financial assets (property, plant and equipment, and capital work-in-progress) are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management did not identify any evidence from internal reporting or any significant adverse changes in the market indicating impairment of an asset or class of assets. If such indication exists, then an impairment test is performed by the management. The determination of what can be considered impaired, as well as the determination of recoverable amounts require management to make significant judgments, estimation and assumptions.

Impairment of inventories

When inventories become old or obsolete, an estimate is made of their net realizable value. This estimation is performed on an individual basis for individually significant amounts. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The necessity and setting up of a provision for slow moving and obsolete inventories requires considerable degree of judgment.

QATAR FUEL COMPANY (WOQOD) Q.P.S.C.
Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

2. BASIS OF PREPARATION (CONTINUED)
d) Use of judgements and estimates (continued)

Impairment of trade and other receivables

The carrying amounts of the trade and other receivables are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then an impairment test is performed by the management. Management uses considerable judgment to estimate any irrecoverable amounts of receivables, determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation.

Provision for employees' end of service benefits

Management has measured the Group's obligation for the post-employment benefits of its employees based on the provisions of the relevant labour laws. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The provision is reviewed by management at the end of each year and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits.

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The valuation is reviewed for significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or valuation services, is used to measure fair values, then the valuation is assessed based on the evidence obtained from the third parties to support the conclusion. For measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Contingent liabilities

Contingent liabilities are determined by the likelihood of occurrence or non-occurrence of one or more uncertain future events. Assessment of contingent liabilities is tightly connected with development of significant assumptions and estimates relating to the consequences of such future events.

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2. BASIS OF PREPARATION (CONTINUED)

e) Newly effective amendments and improvements to standards

During the current year, the below amended International Financial Reporting Standards ("IFRS" or "standards") and improvements to standards became effective for the first time for financial year ending 31 December 2017:
• Amendments to IAS 7 "Disclosure Initiative"
• Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses
• Annual improvements to IFRSs 2014-2016 cycle – various standards
The adoption of the above amended standards and improvements to standards had no significant impact on the Group's Consolidated Financial Statements.

f) New standards and amendments and interpretations issued but not yet effective

The below new and amended standards that are available for early adoption for financial year ending 31 December 2017 are not effective until a later period and they have not been applied in preparing these Consolidated Financial Statements.

Adoption expected to impact the Group's Consolidated Financial Statements

IFRS 9 "Financial Instruments" (Effective for year ending 31 December 2018)

IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has assessed the potential impact on its Consolidated Financial Statements resulting from the initial application of IFRS 9, and the estimated impact as at 1 January 2018 is summarized in the table below:

Line item impacted in the financial statements *(Amounts in thousands of QR)*	**As reported at 31 December 2017**	**Estimated adjustments due to adoption of IFRS 9**	**Estimated adjusted opening balances as at 1 January 2018**
Fair value reserve	(128,075)	(165,031)	(293,106)
Retained earnings	5,708,490	159,297	5,867,787
Non-Controlling Interest	290,060	5,734	295,794

An increase of QAR 159.3 million and QAR 5.7 million in retained earnings and NCI, respectively, due to impairment losses on available for sales financial assets, recognized on the initial application of IFRS 9.

Expected credit losses

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model will apply to financial assets measured at amortized cost or Fair Value Through Other Comprehensive Income (FVTOCI), except for investments in equity instruments. A number of significant judgements are required in measuring ECL, such as:
- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

The Group has carried out a detailed ECL assessment of its financials assets and does not expect to have a significant impact on its consolidated financial statements.

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2. BASIS OF PREPARATION (CONTINUED)
f) New standards and amendments and interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.
The Group does not expect to have a significant impact on its Consolidated Financial Statements due to this change.

IFRS 16 "Leases" (Effective for year ending 31 December 2019)

IFRS 16 requires most leases to present right-of-use assets and liabilities on the Statement of Financial Position. IFRS 16 also eliminates the current dual accounting model for leases, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 introduces a single on-balance sheet accounting model that is similar to the current accounting for finance leases. The lessor accounting will remain similar to the current practice, i.e. the lessors will continue to classify leases as finance and operating leases. The Group is assessing the potential impact on its Consolidated Financial Statements resulting from the application of IFRS 16. Early adoption is permitted only if IFRS 15 is also adopted.

Adoption not expected to impact the Group's Consolidated Financial Statements

Effective for year ending 31 December 2018	Amendments to IFRS 2 on classification and measurement of share based payment transactions
Effective date to be determined	Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of these Consolidated Financial Statements:

a) Basis of consolidation

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the Identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

iii) Non-controlling interests ('NCI')

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized as profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
a) Basis of consolidation (continued)

v) Transactions eliminated on consolidation

Intra-group balances and transactions, including any unrealized income and expenses, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

c) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognized.

i) Sale of petroleum products, liquid petroleum gas and other products

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

ii) Rendering of services

The Group is involved in providing services related to vehicles inspection and transportation of refined petroleum products. Revenue from such services is recognized upon completion of services.

iii) Government aid

Government aid that compensates the Group for expenses incurred in the period is recognized on a systematic basis in the statement of profit or loss.

d) Other income

i) Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate exactly discounts the estimated future cash payments or receipts over the expected life of financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Other Incomes.

ii) Rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Rental income is included in Other Incomes.

e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are recognized at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
e) Property, plant and equipment (continued)

Subsequent expenditure
Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss. Land is not depreciated.
The estimated useful lives for the current year and the comparative year are as follows:

Buildings and infrastructure	10-20 years
Plant and equipment	10-20 years
Vehicles, office equipment and furniture	5-10 years
Vessels	25-30 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Derecognition
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognized net within profit or loss.

f) Capital work in progress
Capital work in progress comprises projects under construction and is carried at cost less impairment, if any. Capital work in progress is not depreciated. Once the construction of assets is completed and is put into use, they are capitalized to either the property, plant and equipment or the investment property depending on their use and depreciated accordingly.

g) Investment property
Investment property represents land and buildings that are occupied substantially for use by third parties and are held by the Group to earn rentals or capital appreciation.
Depreciation is calculated to write off the cost of items of investment properties using the straight-line method over the estimated useful lives of 20 years, and is recognized within profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

De-recognition
An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of investment property are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognized net within profit or loss.

h) Financial instruments
The Group classifies non-derivative financial assets into the following categories:
- loans and receivables; and
- available for sale instruments.

Non-derivative financial assets and financial liabilities – Recognition and de-recognition
The Group initially recognizes loans and receivables on the date when they originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
h) Financial instruments (continued)

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

a) Non-derivative financial assets – Measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

b) Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

i) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
i) Impairment (continued)

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties, and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present condition and location and measured on a weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises convertible notes and share options granted to employees, if any.

l) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Foreign currency differences are generally recognized in profit or loss.

m) Employees' end of service benefits

The Group provides end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labour Law and Civil Human Resources Law No. 15 of 2016 and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group makes contributions to the General Retirement and Social Insurance Authority in respect to its national employees which is calculated as a percentage of the employees' salaries.

n) Provision

A provision is recognized when, the Group has a present obligation (legal or constructive) as a result of a past event considering that it is probable that the Group will be required to settle the obligation; and a reliable estimate can be made of the obligation amount. The amount of a provision is the present value, of the best estimate, of the amount required to settle the obligation. Provisions are reviewed annually to reflect best current estimates of the expenditure required to settle the obligations.

o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments which are determined based on the Group's management and internal reporting structure.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

The Management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Likewise, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, due from related parties and bank balances.

Trade and other receivables and due from related parties

The Group has more than 3,404 (2016: 1977) customers with its largest 5 customers accounting for 35% (2016: 34%) of its trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing services on credit. Credit evaluations are performed on customers requiring credit and are approved by the Group's management. The Group seeks to limit its credit risk by setting credit limits for individual customers. The Group further mitigates the credit risk by requesting bank guarantees in accordance with its credit policy. Management also periodically monitors outstanding receivables and reviews the collectability of its trade and other receivables. The Group has a policy to provide any amounts whose collection is no longer probable or writes off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its trade and other receivables as presented on the Statement of Financial Position. The Group maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed periodically and established on a case by case basis. Refer to note 11 for Trade Receivables ageing.

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. As a result, management do not expect any significant credit risk on its bank balances.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's entire liabilities are non-interest bearing.

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4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

	Carrying Amounts	Gross un-discounted contractual cash outflows	Less than 1 year	1 – 5 Years
2017				
Due to related parties	3,778,740	(3,778,740)	(3,778,740)	-
Trade and other payables	1,202,701	(1,202,701)	(1,202,701)	-
	4,981,441	**(4,981,441)**	**(4,981,441)**	**-**
2016				
Due to related parties	3,423,039	(3,423,039)	(3,423,039)	-
Trade and other payables	497,789	(497,789)	(497,789)	-
	3,920,828	(3,920,828)	(3,920,828)	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Equity price risk

The Group is subject to equity price risk in relation to the available for sale financial assets. The Group manages its market risk by evaluating the current market value and other factors including normal volatility in share price for quoted equities by way of investment manager's periodical reports relating to equities. Management monitors the price fluctuations on a continuous basis and acts accordingly.

A 10% increase or decrease in market values of the Group's quoted portfolio of available for sale financial assets is expected to result in an increase or decrease of QR 163 million (2016: QR 166 million) in the assets and equity of the Group.

ii) Currency risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. As the US Dollar is pegged with the Qatari Riyal, the Group is not exposed to currency risk when it transacts in this currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

iii) Interest rate risk

The Group has interest rate risk arises from interest bearing assets in the nature of bank deposits. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. Management monitors its capital structure and makes adjustments to it, in light of economic conditions.

The Group's capital management policy remained unchanged since the previous year. The Group is not subject to any externally imposed capital requirements.

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5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings & infrastructure	Plant and equipment	Vehicles, office equipment and furniture	Vessels	Projects in progress	Total
Cost							
At 1 January 2017	48,637	1,060,522	563,694	725,084	294,636	275,433	2,968,006
Additions	-	24,052	13,401	30,835	24,643	110,365	203,296
Transfers from projects in progress	-	173,374	33,336	35,872	(48)	(242,534)	-
Disposals / Transfers	(22,787)	(14,507)	(9,149)	(56,508)	-	(18,412)	(121,363)
At 31 December 2017	**25,850**	**1,243,441**	**601,282**	**735,283**	**319,231**	**124,852**	**3,049,939**
Accumulated depreciation							
At 1 January 2017	-	264,456	329,190	524,475	104,482	-	1,222,603
Depreciation charge	-	55,995	50,808	80,839	10,132	-	197,774
Disposals / Transfers	-	(29,339)	13,834	(62,350)	(20)	-	(77,875)
At 31 December 2017	**-**	**291,112**	**393,832**	**542,964**	**114,594**	**-**	**1,342,502**
Carrying value							
At 31 December 2017	**25,850**	**952,329**	**207,450**	**192,319**	**204,637**	**124,852**	**1,707,437**
Cost							
At 1 January 2016 (Restated)	48,637	788,480	526,939	656,623	277,871	244,938	2,543,488
Additions	-	45,533	12,401	42,082	-	406,357	506,373
Transfers from projects in progress	-	242,230	24,354	57,590	48,458	(372,632)	-
Disposals / Transfers	-	(15,721)	-	(31,211)	(31,693)	(3,230)	(81,855)
At 31 December 2016	48,637	1,060,522	563,694	725,084	294,636	275,433	2,968,006
Accumulated depreciation							
At 1 January 2016 (Restated)	-	220,511	300,140	444,921	106,164	-	1,071,736
Impact of correction of errors	-	(20,511)	-	-	-	-	(20,511)
At 1 January 2016 (Restated)	-	200,000	300,140	444,921	106,164	-	1,051,225
Depreciation charge	-	76,832	29,050	102,948	13,704	-	222,534
Disposals / Transfers	-	(12,376)	-	(23,394)	(15,386)	-	(51,156)
At 31 December 2016	-	264,456	329,190	524,475	104,482	-	1,222,603
Carrying value							
At 31 December 2016	48,637	796,066	234,504	200,609	190,154	275,433	1,745,403

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i) The Group has received Government aid in the form of non-monetary assets (42 plots of land located in State of Qatar) for the purpose of constructing and operating petrol stations.

For six plots of land (accounted at a nominal value of QR 1), the title deeds have been transferred to the Group and for thirty-six plots of land, a right to use has been granted by the Ministry of Municipality and Urban Planning.

The Group has 8 (2016: 7) vessels that operate mainly in supplying bunkers, marine fuel and bitumen.

All the vessels are owned by WOQOD Marine Services Company W.L.L - a subsidiary of the Parent.

ii) Depreciation allocated to cost of sales amount to QR 165 million (2016: QR 151 million) and general and administrative expenses in amount to QR 33 million (2016: QR 72 million).

6. INVESTMENT PROPERTIES

	2017	2016
Cost		
Balance at 1 January	988,386	988,386
Additions	7,774	-
Balance at 31 December	**996,160**	988,386
Accumulated depreciation		
Balance at 1 January	(50,867)	(20,511)
Depreciation charge for the year	(36,172)	(30,356)
Balance at 31 December	**(87,039)**	(50,867)
Carrying Value		
Balance at 31 December	**909,121**	937,519

Investment property comprises a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period varying from 2 to 10 years.

Changes in fair values are not recognized as the Group recognizes these investment properties at cost models and carries investments at cost less accumulated depreciation.

The fair value of investment property was determined by independent external property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio.

The investment properties were valued using the income earning approach. Under this approach, a property's fair value is estimated based on the capitalization of the net operating income of the relevant property using the market yield. The total fair value of the investment property as at 31 December 2017 was QR 726 million (2016: QR 726 million).

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the above inputs on the valuation technique used.

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7. AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets represents the investments in shares of listed entities on the Qatar Exchange. At the reporting date, the details of the closing balances were as follows:

	2017	2016
Investment in quoted securities	1,364,703	1,404,954
Investment in Sukuk	266,216	262,582
	1,630,919	1,667,536

The movement in available for sale financial assets balance during the year is as follows:

	2017	2016
Balance at 1 January	1,667,536	1,647,259
Acquired during the year	447,407	541,003
Disposals	(153,089)	(487,285)
Net movement in fair value reserve (Note 16)	(253,644)	(12,993)
Impairment loss for the year (Note 22)	(77,291)	(20,448)
Balance at 31 December	**1,630,919**	1,667,536

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial Instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs having a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques using inputs which have a significant effect on the recorded fair values that are not based on observable market data.

As at 31 December 2017 and 2016, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	2017	Level 1	Level 2	Level 3
Available-for-sale financial assets	**1,630,919**	**1,630,919**	**-**	**-**
	2016	Level 1	Level 2	Level 3
Available-for-sale financial assets	1,667,536	1,667,536	-	-

During the year ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements also.

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8. GOODWILL

	2017	2016
Relating to Qatar Jet Fuel Co. W.L.L. (Q-Jet)	57,700	57,700
Relating to WOQOD Vehicles Inspection Co. W.L.L. (Fahes)	75,235	75,235
	132,935	132,935

As on 31 December 2017, the Group conducted an internal evaluation to assess and identify the instances of any indication of impairment on goodwill. The evaluation was mainly based on the financial data of the relevant subsidiaries and took into account the business environment in which these subsidiaries operate. Based on this exercise, the Group concluded that there were no indications of impairment that warrant a full impairment review.

Value-in-use calculations is determined using cash flow projections. The key assumptions used for value-in-use calculations are set out in the table below:

	Qatar Jet Fuel Co. W.L.L		WOQOD Vehicle Inspection Co. W.L.L	
	2017	2016	2017	2016
Revenue growth	**10.5%**	10.5%	**6%**	6%
Expenses growth	**3%**	3%	**8%**	8%
Discount rate	**9%**	9%	**11%**	11%

The management will review any changes that may occur in 2018 and that may result into management re-measuring the Goodwill.

9. INVENTORIES

	2017	2016
Fuel inventory	219,715	217,689
Materials and spare parts	151,139	93,509
Retail stores inventory	39,042	26,208
Other inventory items	5,766	7,966
	415,662	345,372
Provisions slow moving items	(1,346)	(64,877)
	414,316	280,495

The movement in the provision for slow moving items is as follows:

	2017	2016
Balance at 1 January	64,877	689
Provided during the year	1,346	64,188
Reversal during the year	(64,877)	-
Balance at 31 December	**1,346**	64,877

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10. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24, Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

a) Transactions with related parties

The Group, in the normal course of business, carries out transactions with Qatar Petroleum. Sales transactions to Qatar Petroleum are at arm's length and purchases from Qatar Petroleum are in accordance with approved contractual terms. The details of the transactions with this related party are as follows:

	2017	2016
Qatar Petroleum – sales	**131,054**	146,674
Qatar Petroleum – purchases	**14,403,765**	11,401,316

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owned by related parties (2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b) Balances due from related parties:

	2017	2016
RasGas	58,709	13,536
Gulf Helicopters	1,993	2,938
Gulf Drilling International ("GDI")	4,996	3,596
Qatar Aluminium (Qatalum")	350	1,011
Qatar Steel Company	1,525	1,331
Qatar Petrochemical Company ("QAPCO")	961	1,510
Qatar Fuel Additives Company ("QAFAC")	3,096	2,825
Qatar Chemical Company Ltd ("Q-Chem")	495	759
Amwaj Catering Services	1,186	1,316
Qatar Fertiliser Company ("QAFCO")	119	260
Oryx GTL	204	828
Qatex Limited	5,918	631
Al Shaheen Well Services Co.	2	6
Seef Ltd.	24	41
Gasal	32	13
Qatar Holding Co.	-	53
Qatar Gas Operation Co. Ltd.	31,978	6,314
Qatar Gas Operating Company	136	33
Qatar Petroleum	417,378	447,261
	529,102	484,262

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10. RELATED PARTY TRANSACTIONS (CONTINUED)

c) Balances due to related parties:

	2017	2016
Qatar Petroleum	**3,778,740**	3,423,039

d) Compensation to key management personnel

	2017	2016
Salaries of executive management	34,019	28,077
Board's remuneration (i)	13,770	13,600
Secondment Allowance	6,711	4,068
Other committee allowances	908	1,698
	55,408	47,443

(i) The board of directors has suggested distributing an amount of QR 13,770,000 (2016: 13,600,000) as a Board of Directors' remuneration for the year 2017 according to the provision of articles of association, Article No. 46, fifth section, based on the ordinary general assembly meeting of the Company held on 5 March 2017.

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11. TRADE RECEIVABLES

	2017	2016
a) Trade receivables	2,326,357	2,411,505
Less: impairment of receivables	(30,806)	(83,398)
	2,295,551	2,328,107

The aging for trade receivables is as follows:

	2017	2016
i) Aging of neither past due not impaired		
Neither past due nor impaired	1,582,416	388,979
Less than 30 days	418,672	274,028
31 to 60 days	70,957	106,220
61 to 90 days	53,614	64,169
ii) Aging of past due not impaired		
91 to 180 days	40,217	145,377
iii) Aging of past due and impaired		
More than 181	160,481	1,432,732
	2,326,357	2,411,505

b) Movement in the impairment of receivables:	2017	2016
At 1 January	83,398	1,836
Provided during the year (Note 22)	35,818	81,562
Write off	(88,410)	-
At 31 December	**30,806**	83,398

The group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers credit ratings, when available. Most of the above receivables are either secured against a bank guarantee or are receivables from government entities.

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12. PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
Staff advances and loans	34,657	63,942
Notes receivables	22,709	15,881
Advances ,deposits and prepaid expenses	31,546	310,010
Receivable from Ministry of Finance	327,600	136,500
Other receivables	74,470	69,052
	490,982	595,385

13. CASH AND BANK BALANCES

	2017	2016
Cash	413	790
Balances with banks		
• Current and call accounts	341,662	656,782
• Fixed deposits	2,830,403	2,089,463
Cash and cash equivalents	3,172,478	2,747,035
Fixed deposits having maturity more than 3 months	1,190,992	421,000
Cash and bank balances	**4,363,470**	3,168,035

14. SHARE CAPITAL

Authorized:	2017	2016
100,000,000 ordinary shares of QR 10 each	**1,000,000**	1,000,000
Issued and fully paid up share capital: 99,425,576 ordinary shares (91,216,125 :2016 shares) of QR 10 per share	**994,256**	912,161

15. LEGAL RESERVE

The Company maintains a legal reserve in line with the requirements of the Qatar Commercial Companies Law No. 11 of 2015, which states that at least 10% of the profit in each year should be transferred to a legal reserve until the balance in such reserve is at least 50% of a company's paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above mentioned Law.

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16. FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the assets are derecognized or impaired.
Movement in the fair value reserve:

	2017	2016
At 1 January	125,569	138,562
Net change in fair value	(253,644)	(12,993)
At 31 December	**(128,075)**	125,569

17. EMPLOYEES' END OF SERVICE BENEFITS

	2017	2016
Balance at 1 January	136,412	90,604
Provided during the year	82,129	51,428
Paid during the year	(88,009)	(5,620)
Balance at 31 December	**130,532**	136,412

18. TRADE AND OTHER PAYABLES

	2017	2016
Trade payables (suppliers and contractors payable)	450,782	109,791
Retentions payable	36,864	46,945
Accruals, provisions and other payables	715,055	341,053
	1,202,701	497,789

19. REVENUE

	2017	2016
Sale and distribution of petroleum products	16,210,982	13,062,697
Sale of non-fuel products	714,345	379,748
Sale of lubricants and supplies	215,295	208,156
Revenues from inspection services	77,909	73,631
	17,218,531	13,724,232

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20. COST OF SALES

	2017	2016
Cost of goods sold	15,851,526	12,253,957
Depreciation	165,018	150,551
Other expenses	123,302	165,268
	16,139,846	12,569,776

21. OTHER INCOME

	2017	2016
Dividend income	63,079	72,561
Interest Income	103,800	57,580
Rental income	144,174	135,935
Miscellaneous income	34,339	2,972
Income from services	50,551	36,965
	395,943	306,013

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Staff cost and related benefits	180,636	218,106
Depreciation	68,928	69,667
Office Expenses	30,603	31,313
Legal & Professional Expenses	8,698	633
Other general and administrative expenses	22,471	24,638
Provisions for receivables (Note 11)	35,818	81,562
Impairment *	8,499	20,448
Selling and marketing expenses	22,903	39,078
	378,556	485,445

* Impairment includes reversal of provision for slow moving inventories of QR 64.877 million (2016: Nil).

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23. BASIC EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2017	2016
Profit for the year attributable to the Owners of the Company	964,117	883,110
Weighted average number of shares outstanding during the year	99,425	99,425
Basic earnings per share (in QR)	**9.70**	8.88

The weighted average number of shares has been calculated as follows:

	2017	2016
Qualifying shares at the beginning of the year	99,425	91,216
Effect of bonus shares issued for 2016	-	8,209
Weighted average number of shares outstanding	**99,425**	99,425

24. DIVIDENDS

The shareholders of the company approved a cash dividend of QR 7 per share, with a total amounting to QR 638 million for the year ended 31 December 2016 in addition to the 9 bonus shares for each 100 shares held in the Company at the Annual General Assembly meeting held on 5 March 2017 (2015: cash dividend of QR 8.2 per share with a total amounting to QR 692 million in addition to the 8 bonus shares for each 100 shares held).

The Board of Directors has proposed cash dividends of QR 8 per share, amounting to a total of QR 795.4 million for the year ended 31 December 2017. The proposed dividend will be submitted for approval at the Annual General Assembly meeting.

25. OPERATING SEGMENT

The Group is mainly engaged in sale and distribution of refined petroleum products, technical inspection of vehicles and marine transportation. More than 95% of the Group's revenue is generated through a single segment i.e. sale and distribution of refined petroleum products. The Company's geographical segment is State of Qatar.

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26. COMMITMENTS AND CONTINGENCIES

Commitments

Operating lease commitments – Group as a lessee

The Group has entered into leases on certain plots of land and some residential properties. These leases have an average life of between three to five years with no renewal options in the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at 31 December 2017 are, as follows.

	2017	2016
Within one year	16,247	20,607
After one year but not more than five years	39,582	38,077
More than five years	5,023	3,295
	60,852	61,979

Operating lease commitments – Group as a lessor

The Group has entered into commercial leases for shops/spaces at petrol stations and for diesel tanks with customers. These non-cancellable leases have remaining term of less than one year. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	2017	2016
Within one year	135,398	149,879
After one year but not more than five years	62,378	-
	197,776	149,879

Capital commitments

	2017	2016
Capital commitments	205,781	185,144

Contingent liabilities

	2017	2016
Bank guarantees	11,313	4,961
Letters of credit	40,492	57,961

The above guarantees and letters of credits have been issued in the ordinary course of business and the Group anticipates no material liabilities from these.

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27. SIGNIFICANT MATTER

As at 31 December 2017, the Group has an exposure against one supplier resulted from price differences for the previous financial years. The Group is recording the purchases based on the approved price formula, while the supplier is recording those sales differently.

Management is of the view that there is no additional liability on the Group, as they believe that there is no base for any additional claims, and that this matter will be resolved.

28. COMPARATIVE FIGURES

Comparative figures for the previous year has been reclassified, where necessary, in order to conform to the current year's presentation. However, such reclassifications did not have any effect on the net profit or equity of the comparative year.

WOQOD 2017 ACHIEVEMENTS

NET PROFIT
صافي الأرباح

QR 964
MILLION

محطة بترول وقود

58 WOQOD
PETROL STATIONS

تقطير
QATARIZATION

كبار الموظفين
SENIOR STAFF **35%**

موظفين
JUNIOR STAFF **8 %**

583,705

أسطوانة شفاف
SHAFAF CYLINDERS

أسطوانة أضيفت إلى السوق في عام ٢٠١٧
CYLINDERS INTRODUCED IN 2017
137,692

10%
SALES VOLUME

QJET كيوجت

عملية تزويد
الطائرات بالوقود
AIRCRAFTS REFUELED **112,122**

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